

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: June 30, 2004
TO: Shevie Brown, Division of Competitive Markets and Enforcement
FROM: Denise N. Vandiver, Chief, Bureau of Auditing *DN*
Division of Regulatory Compliance and Consumer Assistance
RE: **Docket No.** 040004-GU ; **Company Name:** St. Joe Natural Gas Co, Inc. ;
Audit Purpose: Gas Conservation Cost Recovery Clause Audit ; **Audit Control No.** 04-057-1-1

Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, it should send the response to the Division of the Commission Clerk and Administrative Services. There are no confidential work papers associated with this audit.

DNV/jcp
Attachment

cc: Division of Regulatory Compliance and Consumer Assistance (Hoppe, District Offices, File Folder)
Division of the Commission Clerk and Administrative Services (2)
Division of Competitive Markets and Enforcement (Harvey)
General Counsel
Office of Public Counsel

Mr. Stuart L. Shoaf, President,
St. Joe Natural Gas Company
P. O. Box 549
Port St. Joe, FL 32456-0549

DOCUMENT NUMBER-DATE

07286 JUL-23

FPSC-COMMISSION CLERK



FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF REGULATORY COMPLIANCE
AND CONSUMER ASSISTANCE

Tallahassee District Office


ST. JOE NATURAL GAS COMPANY, INC.

GAS CONSERVATION COST RECOVERY CLAUSE AUDIT

HISTORICAL YEAR ENDED DECEMBER 31, 2003

DOCKET NO. 040004-GU

AUDIT CONTROL NO. 04-057-1-1


Barry F. Davis, Audit Manager



Lynn M. Deamer, Audit Supervisor

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**DIVISION OF REGULATORY COMPLIANCE
AND CONSUMER ASSISTANCE**

AUDITOR'S REPORT

June 11, 2004

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the accompanying Capacity Cost Recovery Clause schedules for the 12-month period ending December 31, 2003. The above schedules have been included as exhibits in this report. These schedules were as part of the Company's petition for cost recovery in Docket No. 040004-GU.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

SUMMARY OF SIGNIFICANT PROCEDURES

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report:

Scanned - The documents or accounts were read quickly looking for obvious errors.

Compiled - The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

Verify - The item was tested for accuracy, and substantiating documentation was examined.

REVENUE: Compiled conservation revenues and determined that the company used the approved gas conservation cost recovery clause factors in accordance with Commission Order No. PSC-02-1737-PHO-GU, issued December 10, 2002. Obtained and recalculated a sample of customer bills for each rate class. Recalculated and traced total conservation revenues to the company's general ledger.

EXPENSE: Compiled and traced all conservation expenses to supporting invoices. Verified that the company's conservation programs are in accordance with Commission Order No. 15301, issued October 10, 1985. Provided a comparison of planned versus installed appliances for the 12-month period ended December 31, 2003.

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS: JANUARY 2003 THROUGH DECEMBER 2003

CONSERVATION REVENUES	MONTH NO. 1	MONTH NO. 2	MONTH NO. 3	MONTH NO. 4	MONTH NO. 5	MONTH NO. 6	MONTH NO. 7	MONTH NO. 8	MONTH NO. 9	MONTH NO. 10	MONTH NO. 11	MONTH NO. 12	TOTAL
1. RCS AUDIT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
2. OTHER PROGRAM REVS	0	0	0	0	0	0	0	0	0	0	0	0	0
3. CONSERV. ADJ REVS	(5,263)	(4,271)	(2,015)	(1,851)	(1,153)	(988)	(1,088)	(950)	(954)	(1,062)	(1,075)	(3,359)	(24,029)
4. TOTAL REVENUES	(5,263)	(4,271)	(2,015)	(1,851)	(1,153)	(988)	(1,088)	(950)	(954)	(1,062)	(1,075)	(3,359)	(24,029)
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	19	19	19	19	19	19	19	19	19	19	19	19	232
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	(5,244)	(4,252)	(1,996)	(1,832)	(1,133)	(969)	(1,069)	(931)	(935)	(1,042)	(1,056)	(3,339)	(23,797)
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	1,150	1,525	2,250	1,700	1,525	2,400	1,175	1,425	850	875	2,500	850	18,225
8. TRUE-UP THIS PERIOD	(4,094)	(2,727)	254	(132)	392	1,431	106	494	(85)	(167)	1,444	(2,489)	(5,572)
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	(2)	(6)	(7)	(6)	(6)	(5)	(4)	(4)	(4)	(4)	(3)	(4)	(55)
10. TRUE-UP & INTER. PROV. BEGINNING OF MONTH	232	(3,883)	(6,635)	(6,407)	(6,564)	(6,198)	(4,791)	(4,708)	(4,237)	(4,345)	(4,536)	(3,114)	
11. PRIOR TRUE-UP COLLECTED/(REFUNDED)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	
12. TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	(3,883)*	(6,635)	(6,407)	(6,564)	(6,198)	(4,791)	(4,708)	(4,237)	(4,345)	(4,536)	(3,114)	(5,627)	(5,627)

CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS: JANUARY 2003 THROUGH DECEMBER 2003

INTEREST PROVISION	MONTH NO. 1	MONTH NO. 2	MONTH NO. 3	MONTH NO. 4	MONTH NO. 5	MONTH NO. 6	MONTH NO. 7	MONTH NO. 8	MONTH NO. 9	MONTH NO. 10	MONTH NO. 11	MONTH NO. 12	TOTAL
1. BEGINNING TRUE-UP	232	(3,883)	(6,635)	(6,407)	(6,564)	(6,198)	(4,791)	(4,708)	(4,237)	(4,345)	(4,536)	(3,114)	
2. ENDING TRUE-UP BEFORE INTEREST	(3,881)	(6,630)	(6,400)	(6,558)	(6,192)	(4,786)	(4,704)	(4,233)	(4,342)	(4,532)	(3,111)	(5,623)	
3. TOTAL BEGINNING & ENDING TRUE-UP	(3,649)	(10,513)	(13,035)	(12,964)	(12,756)	(10,985)	(9,495)	(8,941)	(8,579)	(8,877)	(7,647)	(8,737)	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(1,825)	(5,256)	(6,518)	(6,482)	(6,378)	(5,492)	(4,748)	(4,471)	(4,289)	(4,439)	(3,823)	(4,369)	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	1.290%	1.270%	1.250%	1.180%	1.190%	1.210%	1.000%	1.050%	1.060%	1.060%	1.050%	1.000%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	1.270%	1.250%	1.180%	1.190%	1.210%	1.000%	1.050%	1.060%	1.060%	1.050%	1.000%	1.060%	
7. TOTAL (SUM LINES 5 & 6)	2.560%	2.520%	2.430%	2.370%	2.400%	2.210%	2.050%	2.110%	2.120%	2.110%	2.050%	2.060%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	1.280%	1.260%	1.215%	1.185%	1.200%	1.105%	1.025%	1.055%	1.060%	1.055%	1.025%	1.030%	
9. MONTHLY AVG INTEREST RATE	0.107%	0.105%	0.101%	0.099%	0.100%	0.092%	0.085%	0.088%	0.088%	0.088%	0.085%	0.086%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	(2)	(6)	(7)	(6)	(6)	(5)	(4)	(4)	(4)	(4)	(3)	(4)	(5)